



# House of Representatives

General Assembly

**File No. 408**

February Session, 2008

Substitute House Bill No. 5887

*House of Representatives, April 3, 2008*

The Committee on Government Administration and Elections reported through REP. CARUSO of the 126th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING PAYMENT OF PERSONAL SERVICE AND PURCHASE OF SERVICE CONTRACTS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) Notwithstanding any  
2 provision of the general statutes, each personal service contract and  
3 purchase of service contract entered into by the state, including, but  
4 not limited to, personal service contracts and purchase of service  
5 contracts for the provision of health and human services, shall contain  
6 the following provisions: (1) A requirement that once any such  
7 contract is issued by the state contracting agency, accepted by the  
8 contractor and returned to such state contracting agency, such contract  
9 shall be approved or rejected by such state contracting agency not later  
10 than thirty days after such contract is returned to such agency by the  
11 contractor; and (2) a requirement that the state contracting agency pay  
12 the contractor any amounts due under such contract, for services  
13 rendered, not later than thirty days after such agency receives a  
14 written request for such payment from such contractor.

This act shall take effect as follows and shall amend the following sections:
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Section 1	<i>from passage</i>	New section
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**GAE**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect
Various State Agencies	GF - See Below

**Municipal Impact:** None

**Explanation**

This bill requires that state personal service and purchase of service contracts for the provision of health and human services be approved by the contracting agency within 30 days from the return of the contract from the provider.

The effect of this provision is not clear. During the contracting process, a contract may be returned to an agency numerous times prior to final approval. Contract language must also be reviewed by the Attorney General prior to final approval. Should this requirement be read to pertain to only the final, fully reviewed contract, no fiscal impact is anticipated. However, should this requirement be read to pertain to the version of a contract that a provider agrees to in principle, but which still must be reviewed by the Attorney General, a significant cost may result. Both the contracting agency and the Office of the Attorney General may require additional staff to review, make necessary adjustments, and approve such contracts in the required 30 day time frame.

The bill also requires the state contracting agency pay the amounts due under the contract no later than 30 days after the agency receives a written request for payment from the contractor. This provision should have no fiscal impact during normal operating times. However, it is not clear whether this requirement would restrict the

executive branch's ability to implement fiscal rescissions during times of budgetary shortfall.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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**OLR Bill Analysis****sHB 5887*****AN ACT CONCERNING PAYMENT OF PERSONAL SERVICE AND PURCHASE OF SERVICE CONTRACTS.*****SUMMARY:**

This bill requires state personal service and purchase of service contracts to contain provisions setting deadlines for the agency rejecting or awarding a contract and making a payment once contracted services are provided.

Specifically, the bill requires these contracts, including those with health and human services providers, to specify that the contracting agency will (1) approve or reject the contract within 30 days after a contractor has accepted and returned it and (2) pay any amount due under the contract for services rendered within 30 days after the agency receives a written demand for payment. (Apparently, the agency must pay the contract price regardless of the quality or timeliness of services provided.)

EFFECTIVE DATE: Upon passage

**BACKGROUND*****Personal Service and Purchase of Service Contracts***

Contracts with private providers for human services are usually considered purchase of service contracts. This type of contract is an agreement between a state agency and an organization for the purchase of direct services to agency clients. These contracts are also used to contract with partnerships and corporations, but not with individuals. A personal service agreement, on the other hand, is generally used to provide services to the state agency itself. Neither type of contract is generally used for the sole purpose of purchasing

administrative or clerical services, material goods, training, or consulting services.

**COMMITTEE ACTION**

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 13 Nay 0 (03/17/2008)